



State of Utah

Department of Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Laurie McNeill, Ph.D.
Dianne R. Nielson, Ph.D.
Petra Rust
Ron Thompson
Kevin W. Brown, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MARCH 3, 2006 IN ST. GEORGE, UTAH

Board Members Present

Anne Erickson, Chairman
Myron Bateman, Vice Chairman
Ken Bassett
Daniel Fleming
Jay Franson
Helen Graber
Paul Hansen
Laurie McNeill
Petra Rust
Ron Thompson

Board Members Excused

Dianne Nielson

Staff

Kevin Brown
Ken Wilde
Ken Bousfield
Rich Peterson
Karin Tatum
Tim Pine
Linda Matulich

Guests

Roger Foisy, DEQ
Mark Haik, self
Randy Taylor, DEQ
Scott Hacking, DEQ
Vern Steel, Rural Water

Guests Continued

Jim Milligan, Saratoga Springs
Larry Gilson, Saratoga Springs
Clyde Watkins, Rural Water
Neil Forster, West Millard Water
Marv Wilson, Sunrise Engineering
Gerd Dixon, Saratoga Springs
Brian Deeter, JUB Engineering
George Leetham, Saratoga Springs
John Pitcher, Cornish Town
Keith Hanson, Salt Lake Cty., SA #3
Steve McIntosh, Salt Lake Cty., SA # 3
Dan McArthur, Mayor, St. George City
Curtis Ludvigson, Rural Water
Barry Barnum, St. George
Wayne Thomas, Alpha Engineering
Dustyn Shaffer, Sunrise Engineering
Jason Snedaker, JUB Engineers
Jason Burningham, Millville City
David Robertson, Millville City
Spencer Kyle, Saratoga Springs
John Chartier, Sunrise Engineering
Darrell Holden, Vernon SSD
Patricia Holden, Vernon SSD
Gary Larsen, Millville City
Mike Johnson, Millville City
Bonnie Carrig, Rural Development
Ken Leetham, Saratoga Springs
Marc Edminster, Lewis Young
Doug Nielsen, Sunrise Engineering
David Blodgett, Southwest Health
Hal Nielson, Rural Development
Michael Noel, Kane County WCD

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in St. George, Utah with Chairman Erickson presiding. The meeting was called to order at 1:30 p.m.

ITEM 2 – ROLL CALL

Chairman Erickson asked Kevin Brown to call roll of the Board members. The roll call showed there were 8 members present at the time.

Dale Pierson addressed the Board on the Rural Water Association of Utah's Annual Conference activities this past week.

Chairman Erickson presented Dale Pierson with a plaque, from the Board and Staff, and thanked him for his time and service on the Board. Dale was with the Grand County Water Conservancy District during his tenure on the Board. Dale is the new Executive Secretary of the Rural Water Association, replacing Russ Donoghue. Russ Donoghue retired December 2005.

Dale Pierson thanked the Board and staff.

Ron Thompson and Helen Graber joined the meeting.

Chairman Erickson welcomed Dan McArthur, Mayor of St. George. Mayor McArthur served on the Drinking Water Board as a member and Chairman.

Dan McArthur thanked the Board for their help last year for St. George City and the surrounding communities due to flooding.

Dan McArthur also thanked the Board for their help and assistance with the drinking water systems throughout the state on their water projects. Dan mentioned he enjoyed the time he was on the board, and misses the association with the Board.

ITEM 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

Chairman Erickson introduced Daniel Fleming and Paul Hansen as new Board members. Chairman Erickson asked them to give some background information on themselves.

ITEM 4 – MINUTES – JANUARY 13, 2006

Chairman Erickson stated a motion to approve the January 13, 2006 minutes would be in order.

Petra Rust moved to approve the January 13, 2006 minutes.

Laurie McNeill seconded.

CARRIED

Seven voted yes.

Helen Graber, Paul Hansen and Daniel Fleming abstained.

**ITEM 5 – ALTA AND SALT LAKE COUNTY SERVICE AREA # 3 – SNOWBIRD
VARIANCE APPLICATION PUBLIC MEETING**

Ken Bousfield reported at the January 13, 2006 Board meeting, that Alta and Salt Lake County Service Area # 3 – Snowbird sent in an application for a Variance on Antimony. At that meeting, staff reported on the compelling reasons to do so, as well as establishing that there is not an unreasonable risk to public health in allowing them more time. The Board directed staff to proceed with a public comment period. Staff received one letter, which is in the packet, for the Board to review.

Chairman Erickson opened the Board meeting up for public comments on the Board's intent to issue a Variance for Antimony to the Town of Alta and the Salt Lake County Services Area # 3 - Snowbird.

Mark Haik, property owner in the Town of Alta, addressed the Board. Mr. Haik requested the Board not grant a Variance on Antimony to the Town of Alta and the Salt Lake County Service Area # 3 - Snowbird. Mr. Haik presented his reasons as to why the Board should not give a Variance.

Ken Bousfield handed out some information staff received from the Mayor of the Town of Alta to the Board. Ken addressed staff's position on issuing a Variance on Antimony to the Town of Alta and Salt Lake County Service Area # 3 - Snowbird.

Chairman Erickson read the letter they received from the Mayor of Alta for the record. A copy of the letter will be placed in the permanent Board meeting file for review from the public. Keith Hanson, representing both the Town of Alta and Salt Lake County Service Area # 3 – Snowbird, mentioned the Town of Alta and the Salt Lake County Service Area # 3 – Snowbird are currently blending their water from a source that meets the Antimony standards in an effort to reduce the Antimony levels in the two systems.

Discussion followed.

Keith Hanson, Salt Lake County Service Area # 3 representative, addressed the Board. Keith answered questions asked by the Board.

Mr. Haik gave some final comments.

Myron Bateman moved the Board grant a Variance for Antimony to the Town of Alta and to the Salt Lake County Service Area # 3 – Snowbird for a period of two years with the provision that each utility prepare an annual report to staff describing any research, testing, blending options, or literature reviews conducted during the 24 months time period.

Ron seconded.

CARRIED

(Unanimous)

Ken Bassett asked staff if the Board could receive a copy of the Town of Alta and Salt Lake County Service Area # 3 – Snowbird's annual report.

Ken Bousfield mentioned he would provide copies to the Board.

ITEM 6 – EFFECTIVE DATE FOR THE MINIMUM WATER PRESSURE RULE AMENDMENTS

Ken Wilde reported the Board reviewed the Minimum Water Pressure Rule Amendments at the last two Board meetings. The amendments are on Section R309-105-9 of the Rule. The other amendments are in Sections -150-6, -405-4, -510-9, -540-6, -545-7, and -550-5 of the Rule were for simplicity rather than restating the Rule as the current one. The public comment period ended on January 31, 2006. The recommendation is for the Board to select February 1, 2006 as an effective date for the amendments, and authorize staff to proceed with the necessary filing. The Board can select any date they want that fell between February 1, 2006 and May 15, 2006.

Discussion followed.

Ron Thompson moved the Board set March 1, 2006 as an effective date for the amendments, and authorize staff to proceed with the necessary filing.

Jay Franson seconded.

CARRIED

(Unanimous)

ITEM 7 SRF/CONSERVATION COMMITTEE REPORT

1) Status Report

Ken Wilde mentioned Sandy Pett has been preparing the Capitalization Grant and Intended Use Plan, which are listed in Section 9. Sandy hasn't had time to reconcile the numbers for the State and Federal Loan Fund pages. Sandy, with Karin Tatum's help, has been able to verify the numbers since the packet was mailed out.

Ken said the State Loan Fund has \$4,469,000 and the grant money is only \$173,000 which brings the total to \$4,641,000 for the State Loan Fund account. These are projected amounts only. Staff will be receiving \$8.6 million over the next 12 months.

Ken said the Federal SRF Loan Fund has \$6,531,000 in principal payments. The interest has increased to \$468,612. The Hardship Fees have also increased. Staff has \$1.3 million available to use, of which staff has a total of \$9,275,000. The Capitalization Grant will have a little more than \$8 million in the account. Some loans are scheduled to close soon.

2) State SRF Applications

a) Town of Millville

Rich Peterson handed out a supplemental request on Millville City to the Board. Millville City is located in Cache County. Millville City's request is for the construction of a new storage tank, transmission line and a booster pump at an estimated cost of \$1,562,000. Millville City is concerned their water rates are high. Millville City is working with Bill Prater and their financial advisor to help lower the water rates. There is a \$53 scenario shown in the supplemental packet. This scenario brings their request below the 1.75% interest grant criteria. Staff is requesting the Board authorize a loan of \$1,562,000 at 2.23% interest to be repaid over 25 years on the condition that they resolve the appropriate issues on their compliance report.

Gary Larsen, Mike Johnson, Jason Burningham, and David Robertson, representing Millville City, and Zan Murray from JUB Sunrise Engineers, were available to answer any questions from the Board.

Discussion followed.

Petra Rust moved the Board authorize a loan of \$1,562,000 at 2.23% interest to be repaid over 25 years, on the condition they resolve the appropriate issues on their compliance report.

Ron Thompson seconded.

CARRIED

(Unanimous)

b) Vernon Special Service District

Rich Peterson reported the Board authorized Vernon Special Service District a loan of \$346,000 and a grant of \$345,000 at the January 13, 2006 Board meeting, with the condition that Vernon Special Service District comes back to the Board with a new total for their loan to help them to be able to increase the size of their transmission line to provide adequate fire flow. Vernon has done this, and has found the cost has risen for the entire project. If the Board does the 50/50 grant/loan package, the totals will be a \$379,000 loan and \$378,000 for a grant. Rich reviewed the 4 scenarios listed in the packet, and the Board discussed each one. Rural Development is not able to help Vernon with their project.

Darrell Holden and Patricia Holden, representing Vernon Special Service District (SSD), and the engineering firm representative for Vernon SSD, were available for questions from the Board.

Discussion followed.

Ron Thompson moved the Board authorize an increase of the January 2006 authorization with a \$391,000 grant and a \$686,000 loan at 0% interest to be repaid over 30 years, with a secondary option to allow for a smaller project of a \$431,000 grant and a \$379,000 loan at 2% interest for 25 years, (equivalent to \$346,000 grant and \$464,000 loan at 0% interest for 25 years) on the condition that they resolve the appropriate issues on their compliance report.

Discussion on motion.

Anne Erickson seconded.

CARRIED

(Unanimous)

c) Town of Cornish

Rich Peterson reported that Cornish Town was authorized funding at the January 18, 2005 Board meeting. Cornish recently opened their bids. The lowest bidder came in higher than what they were allotted for their project. Cornish has come back to the Board requesting additional help on coming up with a 10% contingency plan for their project. Staff is increasing the January 2005 authorization from \$82,000 to \$118,000 for the grant, and \$152,000 to \$185,000 for the loan.

John Pitcher, Cornish Town representative, and the engineering firm representative for Cornish, were available for any questions from the Board.

Discussion followed.

Jay Franson moved the Board authorize an increase from the Board's January 18, 2005 authorization grant to \$118,000 and the loan to \$185,000 at 0% interest to be repaid over 20 years on the condition they resolve the appropriate issues on their compliance report.

Ken Bassett seconded.

CARRIED

(Unanimous)

3) Federal SRF Applications

a) Project Priority Point List

Karin Tatum reported that 2 projects are being added to the Project Priority List: Saratoga Springs and Kane County Water Conservancy District. The Project Priority List needs to be approved by the Board.

Ron Thompson moved the Board approve the updated Project Priority List.

Petra Rust seconded.

CARRIED

(Unanimous)

b) Saratoga Springs

Karin Tatum introduced the representatives from Saratoga Springs. Saratoga Springs is requesting financial assistance for the construction of a new storage tank and two distribution lines. Staff is requesting the Board grant a \$3,500,000 loan at 3.2% interest for 20 years.

Jim Milligan, Larry Gilson, Gerd Dixon, Spencer Kyle, Ken Leetham, George Leetham, Saratoga Springs representatives, and Larry Gilson, Gilson Engineering representative, were available for any questions of the Board. Saratoga Springs thanked the Board.

Discussion followed.

Laurie McNeill moved the Board authorize Saratoga Springs a \$3,500,000 loan at 3.2% interest repayable over 20 years for the construction of a new storage tank and two distribution lines, and that they resolve the appropriate issues on their compliance report and include the special conditions as noted: 1) The City of Saratoga Springs needs to update their Preliminary Evaluation Report for Well # 7 (05), Well # 8 (07) to the Drinking Water Source Protection Plans. 2) Past due monitoring on Well # 1 (Nitrate), Well # 2 (Inorganic, Nitrate, VOC's, and Pesticide), Well # 3 (Inorganic, Nitrate and Pesticide), Well # 4 (Nitrate, Nitrite and Pesticide). Remain current with the monitoring requirements. 3) Well # 2 needs an air relief valve on discharge piping. 4) Reservoir # 1 (750,000 gallons). 5) Reservoir # 2 (1,500,000) drain needs 12" free fall at the discharge point.

Danny Fleming seconded.

CARRIED

(Unanimous)

c) St. George City Emergency Loan

Karin Tatum reported St. George City is requesting the Board deauthorize the emergency loan they received at the January 18, 2005 Board meeting. St. George City received additional assistance from FEMA for emergency repairs that they weren't anticipating. St. George City doesn't need the emergency loan from the Board now.

Barry Barnum, St. George City representative, was available for any questions of the Board.

Discussion followed.

Ron Thompson moved the Board deauthorize the emergency loan to St. George City that was authorized on January 18, 2005 for \$169,000 at 0% interest for 10 years.

Ken Bassett seconded.

CARRIED

(Unanimous)

d) Kane County Water Conservancy District

Karin Tatum reported Kane County Water Conservancy District is requesting financial assistance in the form of \$2,250,000 principle forgiveness and \$3,990,000 loan for the construction of a new well, a new pumping and chlorination facility, distribution lines, and refinancing of a 2003 loan from the USDA – Rural Development for \$1,740,600 (40 years at 4.5% interest). The terms of the loan, including the additional USDA – Rural Development portion, will be for 30 years with a hardship grant assessment of 1% interest. The consulting engineers evaluated 3 collection system alternatives.

Michael Noel, Kane County Water Conservancy District representative, and Doug Nielson, Marv Wilson and Dustyn Shaffer, Sunrise Engineering representatives for Kane County Water Conservancy District, were available for any questions from the Board. Bonnie Carrig and Hal Nielson, from Rural Development, were also available for any questions from the Board.

Michael Noel gave some background on Kane County Water Conservancy District's drinking water system. Their goal is to combine the 11 individual water companies, and create one drinking water system serving Strawberry Valley and Duck Creek Village Areas.

Discussion followed.

Ron Thompson moved the Board authorize the financial assistance request to Kane County Water Conservancy District for a hardship grant in the amount of \$2,250,000 with principle forgiveness and a \$3,990,000 loan for the construction of a new well, a new pumping and chlorination facility, distribution lines, and the refinancing of a 2003 loan from USDA – Rural Development for a hardship grant assessment of 1% interest for 30 years, and the special conditions of: 1) As part of the facility planning, Kane County Water Conservancy District must complete a water conservation and management plan, and 2) remain current with the monitoring requirements including 5 lead/copper samples and IOC's, NO3 & VOC's on Well # 2.

Discussion on motion.

Paul Hansen seconded.

CARRIED

(Unanimous)

ITEM 8 – CHAIRMAN'S REPORT

a) New Board Members

Chairman Erickson introduced the two new Board members at the beginning of the Board meeting. Daniel Fleming and Paul Hansen addressed the Board at that time, and were welcomed aboard.

Chairman Erickson acknowledged David Blodgett, the new Executive Director of the Southwest District Health Department.

Chairman Erickson thanked staff for making the Board's work a lot easier to accomplish at the Board meetings.

ITEM 9 – DIRECTORS REPORT

a) 2006 DWSRF Capitalization Grant Application and Intended Use Plan

Kevin Brown reported on the 2006 Capitalization Grant Application and Intended Use Plan (IUP). A copy of the document is in the packet. The Division is submitting the Intended Use Plan and the 2006 Capitalization Grant Application to EPA for the \$8.3 million grant money. Kevin gave the Board some background on the IUP and application process.

b) Legislative Session Highlights

Kevin mentioned he put formed a task force group of water industry people. The Task Force will look at how the Division could generate more general revenue, or address the Legislature next year on receiving additional funds to cover the additional program administrative costs.

Kevin mentioned that the House and the Senate are supporting the Lake Powell and Bear River projects.

Discussion followed.

c) Staff Update (Organizational Chart)

Kevin Brown mentioned that a new Division Organizational Chart is in the packet. Kevin updated the Board on new staff members.

d) 25 Water System List

Kevin Brown reported the new list is in the packet.

Discussion followed.

e) Database Status

Kevin Brown reported that staff is looking at having their new database on-line by March 2006 at the last Board meeting. Kevin said he will give an update at the next Board meeting on the status of the new database.

ITEM 10 – NEWS ARTICLES

The news articles are in the packet.

ITEM 11 - LETTERS

The letters are in the packet.

ITEM 12 – UPDATE

The update is in the packet.

ITEM 13 – NEXT BOARD MEETING

The next Board meeting is scheduled for May 11, 2006 at the Dugway Proving Ground Facilities. There will be a tour of the facilities in the morning, lunch and the Board meeting starting at 1:30 p.m. The Board members can meet at the Division offices to go in the van to Dugway or meet at Dugway.

ITEM 14 – OTHER

No other business.

ITEM 15 – ADJOURN

Chairman Erickson stated a motion to adjourn the Board meeting would be in order.

Petra Rust moved the Board adjourn the Board meeting at 3:25 p.m.

Myron Bateman seconded.

Linda Matulich
Recording Secretary